

DEPARTMENT OF THE NAVY
Office of the Secretary
Washington, DC 20350-1000

SECNAVINST 7510.7E
AUDGENAV
11 October 1991

SECNAV INSTRUCTION 7510.7E

From: Secretary of the Navy
To: All Ships and Stations

Subj: DEPARTMENT OF THE NAVY
INTERNAL AUDIT

Ref: (a) DODDIR 7600.2 of 2 Feb 91
(NOTAL)
(b) DODINST 7600.6 of 16 Apr 87
(NOTAL)
(c) DOD 7600.7-M of Jun 90
(NOTAL)
(d) DODDIR 7600.10 of 20 May 91
(NOTAL)
(e) SECNAVINST 5200.34C
(f) SECNAVINST 5200.35C (NOTAL)
(g) SECNAVINST 5430.100
(h) SECNAVINST 5430.57E
(i) SECNAVINST 5430.92A
(j) SECNAVINST 5520.3A
A) (k) SECNAVINST 7510.9
(l) SECNAVINST 5740.25B
(m) SECNAVINST 5211.5C
(n) SECNAVINST 5720.42E

1. **Purpose.** To provide Department of the Navy (DON) management officials with information concerning policies and procedures for internal audit in the DON consistent with reference (a), and to implement audit policies required in Department of Defense (DOD) guidance, references (a) through (d).

2. **Cancellation.** SECNAVINST 7510.7D.

3. **Scope.** The provisions of this instruction are applicable throughout the DON.

4. **Definition.** Internal audit is an independent appraisal, performed in accordance with DON audit standards, of the diverse operations and controls within an organization or program. Internal audits determine whether acceptable policies and procedures are followed, established standards are met, resources are used efficiently

and effectively, and the organization's or program's objectives are being achieved.

5. **Internal Audit Function.** Internal audit is a staff function which, to operate effectively, must be independent of line operations. Naval auditors do not exercise command authority over organizations they audit. Their responsibility is to report the facts and, as appropriate, make recommendations to the level of management responsible for taking corrective action on conditions disclosed by an audit. Reference (e) provides DON policy for management and resolution of findings and recommendations included in audit reports. Policy addressed within that document requires prompt, responsive, and constructive actions by commanding officers on audit recommendations. That instruction further requires the Naval Audit Service to address repeat findings to the immediate superior in command above the auditee level for resolution.

6. **Management Control System.** Internal audit is an integral part of the overall DON management control system designed to provide checks and balances to ensure managers carry out their missions effectively and efficiently. Reference (f) establishes the DON Management Control Program and requires commands to maintain effective systems of management control. Normally, internal auditors shall evaluate and report on management controls during every audit. Additionally, the auditors shall evaluate and report on how well management has implemented the Management Control Program. (A)

7. **Naval Audit Service.** The Naval Audit Service is responsible for performing audits of DON organizations, programs, activities, systems, functions, and funds. These audits evaluate the integrity and reliability of financial and other information used to make management decisions; the adequacy of policies and procedures; the safeguarding and efficient and effective use of resources; the extent of compliance with applicable policies, procedures, laws, and

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regulations; and program performance. The Naval Audit Service performs other functions, such as providing audit policy guidance, surveillance, and review of audits conducted by nonappropriated fund organization auditors (reference (b)); monitoring DON contracts for audit services to ensure compliance with DOD guidance (reference (a)); supporting the Naval Inspector General in executing the DON Audit Follow-up Program (reference (e)); serving as the focal point for internal audit policy relative to the DON Management Control Program (reference (f)); and providing audit assistance to the Naval Investigative Service Command.

8. Policy

a. Within DON, the internal audit function is the responsibility of the Auditor General of the Navy (reference (g)). To ensure the independence of that function, the Auditor General of the Navy reports directly to the Under Secretary of the Navy.

b. The Auditor General of the Navy is responsible for developing and implementing DON audit standards, policies and procedures consistent with Inspector General, DOD guidance (reference (c)). When applied, these standards, policies and procedures will provide adequate audit coverage of all DON organizations, programs, activities and functions, including Marine Corps and nonappropriated fund organizations and related activities. In his/her capacity as Director of the Naval Audit Service, he/she oversees proper application of audit activity to achieve this mission objective.

c. The Auditor General of the Navy, as Director of the Naval Audit Service, oversees the actual conduct of internal audits within the DON; and provides oversight of audits performed by
R) nonappropriated fund audit organizations (reference (b)), local audit organizations (reference (k)), and audit services provided by nonfederal auditors (reference (a)) under DON contracts.

d. The Naval Audit Service will be reimbursed for auditing nonappropriated fund

organizations and related activities by the audited organization (references (b) and (g)).

e. As Director of the Naval Audit Service, the Auditor General of the Navy maintains operational control over internal audits, audits of commercial activities, and other mission functions conducted by the Naval Audit Service.

f. The Auditor General of the Navy will coordinate and cooperate with the Naval Inspector General; the Commander, Naval Investigative Service Command; the Inspector General, DOD; other Defense Audit Services; and the General Accounting Office to detect, deter, and eliminate fraud, waste, inefficiency and related improprieties, and to minimize duplication of efforts (references (c), (h), (i) and (j)).

g. The Secretariat and all DON echelons of command, including nonappropriated fund organizations and related activities, will provide, as required, suitable office space and all needed facilities in support of the audit function on a non-reimbursable basis.

h. Military officers may function within the **(R)** Naval Audit Service in positions wherein they do not supervise the conduct of audits. A military officer functioning as an auditor shall be directly supervised by a qualified civilian auditor to ensure the process is carried out following recognized audit standards. As with the civilian workforce, when a military officer's next assignment beyond the Naval Audit Service is known, he/she will not participate in an audit of that command/function.

9. Audit Planning. Early each fiscal year, the Naval Audit Service begins developing the following fiscal year's audit plan. First, programs, functions and problem areas having potential for audit are researched and reviewed. All DON management officials are encouraged to provide input to this endeavor, that is, to submit audit topic suggestions. After the research is completed, resulting topics and all other categories of audit are subjected to risk assessments, jobs are prioritized, and an annual audit plan is

A) developed. Local audit organizations, established under reference (k), and military exchange audit organizations are to submit their annual audit plans to the Naval Audit Service by 31 July for incorporation into the DON Internal Audit Plan. The Auditor General of the Navy then reviews the plan with the Under Secretary of the Navy before it is finalized.

- A) **10. Access to Information.** Consistent with appropriate security clearances, auditors shall be granted full and unrestricted access to all personnel, facilities, records, reports, data bases, documents, or other DON information or material that is needed to accomplish an announced audit objective. All access granted or information or material furnished to the audit organizations shall be on a non-reimbursable basis. This includes automated data processing support, data retrieval, and programming, as needed, to accomplish the audit.

a. Access to Personnel, Documents, and Records. Naval Audit Service access to personnel, documents, and records will be unrestricted and unfettered by burdensome administrative requirements or screening procedures beyond those necessary to maintain security regulations. Access to ships, squadrons, and fleet marine force units will follow the policy established in reference (l).

b. Access to Automated Data Processing Equipment. Access to automated data processing equipment (including microcomputers and/or on-line workstations) and programming personnel shall be readily made available to the Naval Audit Service auditors to permit auditing of automated information. Necessary access to, and related training on, existing data retrieval and report generating capabilities shall also be provided to Naval Audit Service auditors.

c. Exceptions. The only exceptions to unrestricted access involve Joint Chiefs of Staff (JCS) Papers/Planning Information, Statements of Affiliations and Financial Interests (DD Form

1555), and Executive Personnel Financial Disclosure Reports (SF 278).

(1) JCS Papers. Auditors may request access to JCS papers from the command holder to meet announced audit objectives. If access to JCS papers cannot be obtained without JCS approval, the auditor will refer the issue to Naval Audit Service Headquarters. Naval Audit Service will attempt to resolve the issue with JCS (Documents Division, Joint Secretariat). JCS may provide access to the papers or make a recommendation to the Secretary of Defense for denial of access. If progress toward gaining access is unacceptable, Naval Audit Service Headquarters will refer the matter for resolution to the DOD Assistant Inspector General for Audit Policy and Oversight.

(2) DD Form 1559 and SF 278. Naval Audit Service auditors will be provided access to Statements of Affiliations and Financial Interests (DD Form 1555) and Executive Personnel Financial Disclosure Reports (SF 278) if selection is based on a random sample or if reasonable suspicion of improper conduct, as determined by the Naval Audit Service, is present.

d. Access Denial. A disagreement between auditors and managers as to the need for access to information will be reported through appropriate audit and command channels to the management level necessary to resolve the issue. Only the Secretary of the Navy and the Under Secretary of the Navy may deny access to naval auditors. Such denials will only be for reasons necessary to preserve the national security interests of the United States as set forth in the Inspector General Act, Public Law 95-452, Section 8. The Under Secretary of the Navy shall be informed of the need for denial of access within 15 workdays and shall make a decision on the denial issue within 30 workdays from the date the auditor requested access. If the Under Secretary of the Navy deems it appropriate to deny access, the Inspector General, DOD must be advised within 15 workdays of the denial decision (reference (a)).

11. Privacy Act. Reference (m) implements provisions of the Privacy Act of 1974. Under the instruction, auditors have access to all records covered by the Act when discharging their official duties, i.e., when auditing; activities providing such access are exempt from disclosure requirements.

12. Freedom of Information Act Requests. Requests for draft and final Naval Audit Service audit reports and other Naval Audit Service records should be forwarded to Naval Audit Service Headquarters. Reference (n) states that a naval activity receiving such a request is responsible for notifying the requestor of the correct procedure. A copy of the notification is to be forwarded to Naval Audit Service Headquarters. The cognizant commanding officer for local audit and nonappropriated fund reports and the client activities for management consulting reports are responsible for responding to such requests. The responsible official for responding to such requests for nonappropriated fund reports in the Marine Corps is the Commandant of the Marine Corps (FD).

13. Management Consulting Studies. The Naval Audit Service offers limited management consulting services to DON managers. Management consulting is distinct from auditing both in the nature of work performed and the methods employed. For example, consultants are non-auditors and therefore are not required to follow government auditing standards (references (a) and (c)).

a. Requests. Requests for consulting services may be submitted to the Auditor General of the Navy; to the Director, Management Consulting Directorate, Naval Audit Service Headquarters; or to a Naval Audit Service regional office. The Auditor General of the Navy is responsible for ensuring that management consulting is not used when auditing is more appropriate.

b. Agreement. Naval Audit Service consultants obtain preliminary information from a requestor and prepare a formal proposal of study scope, objective(s), timing, funding, report

distribution, etc. The proposal, if accepted, forms an agreement between the requestor and the Management Consulting Directorate. Studies are not performed without a written agreement.

c. Disclosure and Reporting

(1) The Auditor General of the Navy will be kept advised of all areas of concern that become visible to the management consultants. When warranted, the Auditor General of the Navy may initiate an audit in an area being studied by a management consulting effort. If potential fraud or other illegal acts are discovered during a study, the guidance contained in references (i) and (j) will be followed. If such acts prejudice further consulting effort, the study will end. Such instances are rare but that flexibility must exist to avoid any adverse impact on the independence of the Auditor General of the Navy.

(2) A written report will be presented to the requestor and will not be distributed further within or outside the DON without the approval of the Auditor General of the Navy. An exception to that is made for the Naval Investigative Service Command when a consulting study becomes part of an investigative report and needs to be disseminated to investigative or prosecutive agencies outside the DON.

14. Naval Audit Service Audits

a. Notification. Under normal conditions, approximately 30 days before beginning a scheduled audit, the cognizant Naval Audit Service regional office will send an announcement letter to the affected organizations and their superiors in the chain of command. The letter encourages recipients to suggest areas of particular concern for intensified audit coverage. Unscheduled audit work such as audit topic research and disbursing audits are instances where 30 day notifications are impractical. Advice on unannounced disbursing audits is hand delivered by auditors to the commander or senior official on the first day of the audit. Verbal notification is generally provided on audit research efforts. Disclosure of a material or

sensitive issue during audit research may result in immediate reporting and conversion of research effort into a formalized, limited scope audit. Audited commanders or senior officials will be advised formally by the Naval Audit Service of the circumstances requiring such a change. When such circumstances arise, commanders or senior officials should advise their immediate superior in the chain of command.

b. Repeat Findings. The Naval Audit Service will follow-up on each finding included in the most recently completed audit of the organization, activity, program, or function under review. If stated corrective action was not taken or was not effective in correcting the reported condition, a repeat finding will be included in the current audit report. Repeat findings are addressed to the immediate superior in the

R) chain of command above the previous action addressee.

c. Draft Findings. During the field work phase of an audit, findings are developed and discussed with cognizant operating personnel, division managers and department heads. A primary purpose of these discussions is to verify supporting facts and obtain preliminary opinions

R) on conclusions reached. This also enhances management's ability to correct problems early.

d. Audit Utilization. To maximize the benefits of an audit, auditors and DON managers must gain a common understanding of problems disclosed by the audit, of actions necessary to correct those problems, and of the potential monetary benefits identified with improved management actions. "Audit utilization" is the formal process which serves to achieve that end. Audit findings in draft audit reports will be simultaneously utilized at the auditee level and at the first and second echelon levels above the auditee. Utilization above the Chief of Naval Operations and Commandant of the Marine Corps levels requires Naval Audit Service Headquarters approval. Also, at the discretion of the Auditor General of the Navy, findings may be discussed with key DON officials as the audit progresses.

e. Releasability. Draft audit findings and reports are predecisional material internal to the DON and, as such, are not releasable outside the DON except by specific approval of the Auditor General of the Navy.

f. Monetary Benefits. Monetary benefits associated with audit findings arise from actions such as collecting money erroneously paid out, identifying excess material, deobligating funds (current or expired), avoiding unnecessary expenditures, and improving procedures to enable an organization to accomplish a function more efficiently. Monetary benefits are classified as either funds put to better use or questioned costs. Amounts normally are limited to a 6-year period covered by the Defense Plan or the Program Objectives Memorandum. (A)

(1) Potential monetary benefits will be discussed in audit findings but will not be included in audit recommendations. This policy allows the auditor and the manager to concentrate on the remedy to a problem without clouding the issue with the potential dollar value of the efficiencies resulting from application of the recommendations. Management's written position on an audit recommendation must include a separate comment on potential monetary benefits indicating concurrence or nonconcurrence or offering a recomputation of the probable benefit to facilitate the tracking of such efficiencies within the DON formal follow-up system. Failure to address potential monetary benefits in management's response results in those potential benefits being reported as an undecided issue. (R)

(2) Potential monetary benefits based on statistical sampling may present a special case. If the auditors and management agree that benefits will result, but are unable to validate benefits by identifying specific items or entities due to the nature of statistical sampling, the auditors may still take credit for the benefits. However, the amounts claimed should not be subject to immediate budget reductions because these amounts normally cannot be matched to specific items or entities. This occurs after the (A)

recommendation is implemented and the achieved monetary benefits are reported in terms

- A) of specific items or entities. Auditors should ensure that benefits based on statistical sampling that cannot be matched to specific items or entities are appropriately identified in the report so the activity audited is not unduly subjected to inappropriate or unfair budget reductions.

g. Management Responses to Findings.

Recommendation addressees are given a reasonable period of time to respond to Naval Audit Service findings, generally 30 calendar days. Extensions of up to 15 calendar days may be granted; however, the extensions must be fully justified and are not granted routinely. Management responses not received within the allowed timeframe may result in the audit report being published without a management position.

- R) (1) Responses should express explicit concurrence or nonconcurrence on all elements of a finding (on the facts, conclusions, recommendations, and if applicable, potential monetary benefits) in language as clear and simple as possible with emphasis on improvement. Management comments should address unusual
- R) circumstances which may have contributed to an operating deficiency and describe the corrective actions that have been taken or are planned. If management has a preferred alternative for correcting the problem, it should be clearly explained in the response statement. Concurrence with a finding and recommendation must be accompanied by completion dates for actions
- R) taken, the estimated potential benefits, and
- A) realistic and reasonable target dates for accomplishing planned corrective actions. When corrective actions are to be taken over an extended time period (in excess of 1 year), management shall establish interim dates for the completion of major segments of the planned
- A) corrective actions. This policy follows reference (e).

(2) The Naval Audit Service evaluates management responses to reports and may make changes to or delete findings, recommendations, and/or potential monetary benefits based on such evaluations. Significant changes to findings are

discussed with the appropriate addressee(s) prior to publishing the final audit report. Management comments will normally be included in the final audit report. (R)

(3) If the management position specifies concurrence with the facts and recommendations in a finding but does not agree with the audit suggested potential monetary benefits, the management position on the finding and recommendations will be treated as a nonconcurrence. Disagreement with potential monetary benefits results in the entire finding being reported as undecided. If management fails to state a specific position on potential monetary benefits, the response will be treated as a nonconcurrence with the auditor's computation of potential monetary benefits and such benefits will be reported as undecided. (R)

(4) DON policy is to consider nonreceipt of a management response tantamount to nonconcurrence. The Naval Audit Service will bring nonreceipt or untimely response issues to the attention of the Chief of Naval Operations, Commandant of the Marine Corps, and Naval Inspector General. The Auditor General of the Navy will elevate a nonconcurrence to a finding, recommendation and/or potential monetary benefit in a published report to a higher level of DON management for a decision, including directly to the Under Secretary of the Navy when deemed appropriate. (R)

(5) Undecided issues will not preclude the publication of audit reports. (R)

(6) DON policy in reference (e) requires that all undecided audit findings be decided within 6 months of the date of the final audit report. The Under Secretary of the Navy is the DON's final authority for adjudicating internal audit matters. (R)

h. Distribution of Final Reports. Final written reports are to be submitted to: (1) the commanding officer/program manager of the program, function, or activity audited, (2) officials who requested the audit, (3) all officials responsible for corrective actions, and (4) all (A)

- others authorized to receive such reports. Unless
.) restricted by law or Office of Management and Budget, DOD, or DON guidance, copies should be made available for public inspection under Freedom of Information Act procedures.
- A) Related audit working papers, documents, and files shall be retained for a minimum of 3 years after issuing the final audit report or 2 years after all recommendations are closed, whichever
A) is longer. Upon request, final reports shall be made available to the Office of the Inspector General, DOD.

15. Audit Follow-up

- a. The Naval Inspector General is the DON focal point for follow-up; policy governing follow-up is included in reference (e). Audit follow-up is an integral part of good management and is a responsibility shared by DON managers and auditors. It is the process of validating that management has taken corrective actions to resolve conditions reported in audit reports.
- R) Within the DON follow-up process, the following definitions apply:
- .) (1) **Open.** Action on a concurred in or decided recommendation has not been completed or when management agrees that a potential monetary benefit exists but an agreed upon amount requires additional time to compute. A previously disputed finding or recommendation that either the Under Secretary of the Navy
R) adjudicated or the Naval Audit Service and management reconciled is considered decided.
- R) (2) **Closed.** Necessary management action on findings, recommendations and claimed monetary benefits is decided, and corrective action has been completed and documented.
- A) (3) **Decided.** An agreement has been reached between management and auditors on previously undecided findings, recommendations or monetary benefits or a decision has been made by a senior official settling the disagreement.
- R) (4) **Undecided.** No agreement reached on a finding, recommendation or potential

monetary benefit between the audit organization and management.

b. The Naval Audit Service maintains a data base capable of tracking the status of all findings and recommendations, including monetary benefits associated therewith, from issuance of audit reports through implementation of corrective actions. It is the responsibility of Navy activities and the Commandant of the Marine Corps to provide the basic follow-up information for this data base to the Naval Audit Service. This input should be provided within 30 days after either the final report publication date, or the actions or determinations described below, whichever is later. The required input data are:

(1) Completion of previously agreed to but not yet completed actions.

(2) Revised target date when original target date provided during the audit utilization process cannot be met.

(3) Modification of previously agreed to actions with sufficient detail to enable the Auditor General of the Navy to determine if the finding can be closed or if it needs to be reclassified as undecided. (R)

(4) Reversal of previous agreements to take action.

(5) Final determination of potential monetary benefits previously undetermined in the utilization process.

(6) Resolution of previously undecided finding, recommendation or potential monetary benefit. (R)

c. The Naval Audit Service performs selective follow-up audits and on-site verification reviews to evaluate the follow-up process and the actions taken by management to correct significant deficiencies involving material management control weaknesses, repeat findings, or monetary benefits. (R)

16. Fraud, Waste and Related Improprieties

a. The Naval Inspector General inspects, investigates, or inquires into matters of importance concerning fraud, waste, inefficiency, and related improprieties throughout the DON (reference (i)). Deterrence or prevention of fraud, waste, and inefficiency are among the prime responsibilities of management. The principal mechanism for preventing and detecting fraud and illegal acts is an effective management

R) control system. However, internal auditors are also instrumental in preventing fraud, waste, and related improprieties. Inspector General, DOD policy (references (a) and (c)) requires auditors be alert to situations or transactions that could be indicative of fraud, waste, and illegal acts.

A) (1) Auditors shall make an assessment of compliance with applicable laws and regulations, when necessary, to satisfy the audit objectives. Audits shall be designed to provide reasonable assurance of detecting errors, abuse, or illegal acts that could significantly affect the financial statements or audit objectives.

(2) All DON auditors must ensure that copies of all procurement related fraud reports and standards of conduct reports are provided to the Naval Inspector General who will coordinate appropriate remedial actions. Additionally, all DON auditors must be aware of the requirement to notify the Naval Investigative Service Command of actual or suspected criminal activities (reference (j)).

b. When DON auditors suspect criminal activity, a written report of suspected fraud will be submitted to the Naval Investigative Service Command with a copy to the activity commanding officer or the immediate superior in command when the commanding officer may be involved. They then will determine at what level to brief any known or suspected instances of illegal actions. Where criminal activity is suspected during the audit, any notification or dissemination of audit reports will be coordinated with the Naval Investigative Service Command. This is to preclude compromise of the investigation or destruction/alteration of evidence.

c. Auditors are generally not trained to conduct criminal investigations. Those are the responsibility of investigators or law enforcement authorities. However, auditors are responsible for identifying indicators of fraud sufficient to warrant recommending an investigation. The Naval Audit Service and the Naval Investigative Service Command have agreed to use investigators on selected audits of areas susceptible to fraudulent activities, such as procurement.

17. Use of Investigators on Audits

a. Commands will be informed when naval investigators are part of the audit team in the audit announcement letter and at the opening conference. The role of the investigator will be fully explained at that time. Generally, the investigator and the auditor complement one another in the detection of fraud. If the role of the investigator changes, the command will be advised with the concurrence of the Commander, Naval Investigative Service Command.

b. During audits, investigators will be under the direction of the supervisory auditor.

c. The Naval Audit Service does not perform an investigative function. Its responsibility is only to identify the possibility of fraud. Assistance to investigators will be provided as approved by the Auditor General of the Navy.

18. Qualifications and Training. All auditors (A) responsible for planning, directing, conducting, or reporting on government audits shall complete, every 2 years, at least 80 hours of continuing education and training that contributes to the auditor's professional proficiency. At least (A) 20 hours should be completed in any 1 year of the 2-year period. Individuals responsible for planning, directing, conducting substantial portions of the field work, or reporting on the Government audit shall complete at least 24 of the 80 hours of continuing education and training in subjects directly related to the Government environment and to Government auditing.

(5) Rely upon the work of federal auditors, providing that such auditors and their work meet the generally accepted government auditing standards (references (a) and (c)).

(6) Provide explanations to government personnel on audit procedures, work papers, and findings related to the contract effort until all audit findings and disputes are decided.

(7) Refer instances of suspected fraud to the Naval Investigative Service Command. Prior coordination with Naval Audit Service Headquarters is necessary.

R) (8) Provide a copy of all contract deliverables, including the final report, to the Auditor General of the Navy.

- A) **20. Quality Control and Assurance.** Each DON audit organization shall establish and maintain an appropriate internal quality control system and shall participate in an external quality assurance review at least once every 3 years. The internal quality control system established by the audit organization shall provide reasonable assurance that the audit organization has implemented and fully complied with applicable auditing standards, policies, and procedures.
- A) The Naval Audit Service shall perform the external quality assurance review of DON local audit and military exchange audit organizations.
- A) The external quality assurance review program shall determine whether the audit organization's internal quality control system is in place and operating effectively, and whether established policies and procedures and applicable audit standards are being followed in its audit work.

21. Naval Financial Assistance. Naval funds are provided to state and local governments. The Inspector General, DOD has oversight responsibilities for Federal financial assistance provided to these governments (reference (d)). To ensure accountability, a copy of all grants/contracts/procurement documents issued for state and local governments to receive naval financial assistance will be provided to the Assistant Inspector General for Audit Policy and Oversight, DOD.

22. Action. The Auditor General of the Navy, DON Secretariat Offices, the Chief of Naval Operations, and the Commandant of the Marine Corps are to implement within their organizations, as necessary, the provisions of this instruction. Implementing directives may add details for local use and provide further guidance where options have been indicated. Draft directives or statements on audit policy will be coordinated with the Auditor General of the Navy.

23. Administration and Maintenance. Recommendations for improvements and appropriate changes to this instruction with justification should be submitted to the Auditor General of the Navy.

24. Reports. The reports required in this instruction are exempt from reports control by SECNAVINST 5214.2B.

DAN HOWARD
Secretary of the Navy

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